

ARTICLE APPEARED
ON PAGE B-20

WASHINGTON POST
26 MAY 1983

JACK ANDERSON

Debate Stirred By High-Tech Sales to China

A secret debate is raging at the highest levels of the Reagan administration. It points up the classic contradictions in recent Republican policies: the desire to promote American business interests vs. the demands of a Rock-of-Gibraltar defense posture.

The debate concerns the sale of high-technology equipment to China. Commerce Secretary Malcolm Baldrige and the president's science adviser, George Keyworth, favor an expansion of this trade.

Defense Secretary Caspar W. Weinberger and his undersecretary for policy, Fred C. Ikle, don't want to sell the Chinese any technology of potential military value.

The Chinese, of course, are seeking as much high-tech stuff as they can buy, and complain that the administration isn't cooperating.

Sources tell me that the Chinese already have been allowed to buy scientific technology that has enhanced their military capability.

Under secret presidential directives, the Chinese communists cannot buy nuclear weapons and delivery systems, electronic and anti-

submarine-warfare technology or goods that will help them in intelligence gathering.

Baldrige and Keyworth, both of whom have just returned from China, seem determined to let the Peking regime buy as much as it wants.

Secret White House documents govern the present China trade policy. They are considered highly sensitive because of the peculiar nature of U.S.-Chinese relations, but my associate Dale Van Atta has obtained the most important ones.

The "Presidential Directive on Export Control Policy to China," issued on June 4, 1981, focused on so-called dual-use exports, items that ostensibly are intended for peaceful purposes but which also can be used by the military. The directive was intended to allow the sale of technology to China "at significantly higher technical levels than previously, albeit somewhat below those approved for other friendly non-allied nations."

The directive laid out the formula to govern such sales: two times the level of exports to the Soviet Union before its invasion of Afghanistan, when high-tech exports were banned.

But the "two-times" formula was regarded by the business community as not only inexact but too restrictive for the kinds of high-tech goods for which their Chinese customer

was clamoring. They found a sympathetic listener in Baldrige.

The result was a secret presidential memorandum of May 6, 1982, signed for the president by his national security affairs adviser, William P. Clark, titled "Export Policy for the People's Republic of China."

"The president expects prompt and full implementation of his more liberal export-control policy, since we do not want to send mixed signals to the Chinese regarding our intent," Clark wrote. And he conceded that the two-times rule had been difficult to apply.

So Clark laid down four rules to clarify the new policy:

- High-tech exports should be "at technical levels significantly above those for the Soviet Union and eastern Europe . . . , [which would] imply the presumption of acceptable national security risk."

- The two-times formula should be interpreted to mean approval for any sale "unless circumstances apply which entail major risks to national security, i.e. exports which would make a direct and demonstrable contribution to Chinese capabilities" in the forbidden military areas.

- If the Pentagon or CIA recommends denial of an export license, "lower risk substitutes will be suggested, where feasible."

- The licensing process must be speeded up.